



iDreamSky Technology Holdings Limited  
创梦天地科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1119

# 2023 INTERIM REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chen Xiangyu (*Chairman of the Board and Chief Executive Officer*)  
Mr. Guan Song  
Mr. Jeffrey Lyndon Ko  
Mr. Yang Jialiang (*appointed on August 30, 2023*)

### Non-executive Directors

Mr. Ma Xiaoyi (*resigned on August 30, 2023*)  
Mr. Zhang Han  
Mr. Yao Xiaoguang (*resigned on August 30, 2023*)  
Mr. Chen Yu (*resigned on August 30, 2023*)  
Mr. Yang Ming (*appointed on August 30, 2023*)

### Independent Non-executive Directors

Ms. Yu Bin  
Mr. Li Xintian  
Mr. Zhang Weining  
Mr. Mao Rui

## AUDIT COMMITTEE

Mr. Zhang Weining (*Chairman*)  
Mr. Zhang Han  
Ms. Yu Bin  
Mr. Li Xintian

## STRATEGY COMMITTEE

Mr. Chen Xiangyu (*Chairman*)  
Mr. Guan Song  
Mr. Jeffrey Lyndon Ko  
Mr. Ma Xiaoyi (*resigned on August 30, 2023*)  
Mr. Zhang Weining  
Mr. Yao Xiaoguang (*resigned on August 30, 2023*)  
Mr. Chen Yu (*resigned on August 30, 2023*)  
Mr. Mao Rui  
Mr. Yang Ming (*appointed on August 30, 2023*)

## NOMINATION COMMITTEE

Mr. Chen Xiangyu (*Chairman*)  
Mr. Guan Song  
Ms. Yu Bin  
Mr. Li Xintian  
Mr. Zhang Weining

## REMUNERATION AND APPRAISAL COMMITTEE

Ms. Yu Bin (*Chairman*)  
Mr. Jeffrey Lyndon Ko  
Mr. Yang Jialiang (*appointed on August 30, 2023*)  
Mr. Li Xintian  
Mr. Zhang Weining

## AUTHORIZED REPRESENTATIVES

Mr. Guan Song  
Ms. Ng Ka Man

## JOINT COMPANY SECRETARIES

Ms. Tang Xu  
Ms. Ng Ka Man

## LEGAL ADVISOR

As to Hong Kong law:  
Clifford Chance  
27/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
10 Chater Road  
Central, Hong Kong

## REGISTERED OFFICE

The offices of Maples Corporate Services Limited  
P.O. Box 309, Umland House  
Grand Cayman KY1-1104  
Cayman Islands

## HEADQUARTER

16/F, Unit 3, Block A  
Kexing Science Park  
15 Ke Yuan Road  
Nanshan District  
Shenzhen  
Guangdong Province  
PRC

## PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
P.O. Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman KY1-1102  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL BANKERS

Shanghai Pudong Development Bank  
Shenzhen Zhongxinqu Sub-branch  
1/F and 2/F, Block B  
International Chamber of Commerce Building  
138 Fuhua Yi Road  
Futian District  
Shenzhen  
Guangdong Province  
PRC

Bank of China Zhongxing Sub-branch  
West Side, 1/F, ZTE R&D Building  
13 Gaoxin South Road Four  
Nanshan District  
Shenzhen  
Guangdong Province  
PRC

## COMPANY'S WEBSITE

[www.idreamsky.com](http://www.idreamsky.com)

## STOCK CODE

1119

## DATE OF LISTING

December 6, 2018

# Financial Highlights

	Six months ended June 30,		
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)	Period-on-period %
Revenues	<b>1,121,245</b>	1,381,472	(18.8)
Gross profit	<b>505,769</b>	598,504	(15.5)
Profit/(loss) before income tax	<b>41,075</b>	(223,255)	Not applicable
Profit/(loss) for the period	<b>40,590</b>	(222,000)	Not applicable
Adjusted profit/(loss) for the period*	<b>201,831</b>	(51,027)	Not applicable

\* To supplement our unaudited consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit for the period as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the period was derived from our profit/loss for the period excluding share-based compensation expenses, fair value gains or losses on financial assets, interest expenses on convertible bonds, impairment losses on intangible assets, net impairment losses on financial assets and contract assets, impairment losses on prepayments, losses from discontinued IP derivatives business segment and exchange losses.

Dear investors and friends who may concern about iDreamSky:

With the continuous recovery of domestic consumption, the scale of Internet users and their time spending continued to rise, with no exception for the gaming industry. In the first half of the year, the MAUs scale of the industry reached 600 million, with the growth thereof shifted from being driven by traffic dividends to being driven by innovative high-quality products and refined user services.

Meanwhile, games have long since shed their singular attribute of being mere entertainment products, demonstrating high economic, technological, cultural, and strategic value, being of great significance in the national industrial layout and technological innovation. Gaming technology has played a very important role in promoting advanced technologies and industries such as artificial intelligence (“AI”), chip manufacturing, and 5G. With the rapid development of the digital economy, the technological progress brought by the gaming industry is being widely used in more and more fields such as film and television creation, visualization digital factories, and smart cities. The technological progress brought by gaming technology has continuously crossed boundaries and become an important driver of the digital transformation of various industries.

In addition to promoting technological progress, games also demonstrate profound cultural value. Users in different languages can interact more smoothly in games, breaking down cultural barriers and creating friendly communications among people. Through games, players from all over the world can experience China's famous historical landmarks, mountains, lakes, and historical allusions. Games extremely contribute to enhance the spread and influence of Chinese civilization, and promote Chinese culture to the world.

In response to the current trend of high user maturity and the trend towards high-quality products in the gaming industry, we have been planning ahead and looking for breakthroughs. After several years of business development and strategic focus, with the gradual launch of self-developed games and efficiency tools to bring efficient operation to our products, we are gradually promoting the Company to the established strategic direction and creating a unique path for iDreamSky.

From our first self-developed and self-published side-scrolling fighting ARPG product Glory All Stars (榮耀全明星) launched in 2021, to the self-developed anime-style competitive shooting game Calabiyau (卡拉彼丘) launched in August this year, we have always adhered to a clear long-term strategy, focusing on the main business of games, and deepening our advantages in the industry. Based on the strategy of “working with the users in R&D, promoting growth through reputations among communities”, we use the self-developed digital tool to establish a user community at the beginning of game development, discuss the product with core users, form a quick and effective feedback mechanism, help to accurately improve the products, provide users with the ultimate product experience, and thus enhance the certainty of product success. The high-quality games in operation, such as Subway Surfers (地鐵跑酷), Gardenscapes (夢幻花園) and Glory All Stars, showing strong life-force thanks to the improvement of operational efficiency and operational granularity through digital tool. The operation idea of high-quality games has changed from “sales-driven growth” in the past to “user community-driven growth”, which is also the core idea of our current product operations.

Compared with the traditional operation mode, the tight bonds with the players in Fanbook and the uses of a series of digital toolkits with strong interaction that are embedded in Fanbook, such as live broadcasting, short videos, and graphic works, can maximally show the characteristics of games. More importantly, it can enhance the transmissibility of product reputation among user groups, which is in line with the concept of “promoting growth through reputations among communities”, thus reducing customer acquisition costs, and creating positive impact on the long-term operation of games.

### **WE MAINTAIN STABLE GROWTH IN THE HIGH-QUALITY GAMES, WITH SUBWAY SURFERS, GARDENSCAPES AND HOMESCAPES (夢幻家園) ENJOYING STRONG GROWTH MOMENTUM, AND GLORY ALL STARS REMAINING A ROBUST PERFORMANCE, AND THE PROPORTION OF REVENUE FROM CORE PRODUCTS HAS FURTHER INCREASED**

In the first half of this year, the proportion of revenue generated by our core high-quality games has further increased. Subway Surfers celebrated its 10th birthday, and the game became trendsetting again on last summer vacation with the summer co-creation activities launched in Fanbook community and maintained steady growth thereafter. The Subway Surfers team has always adhered to the design concept of “creating a fun game that will accompany users for life”. In order to provide users with high-quality content experiences of reliving classics and arousing emotional resonance, we have made dream collaborations with classic IPs such as Ultraman, Detective Conan, and Plants vs. Zombies 2, which have been highly praised by users. Through 10 years of accumulation and exploration, we are dedicated to building Subway Surfers into a “casual competitive” game that integrates casual attributes, competitive attributes and social attributes. Based on the successful experience of prop match, we will continue to work at the field of “casual competition”, and in the coming future, we will launch “dual meet”, “skill training field”, “chaotic battle”, and other gameplays to improve the social and competitive attributes of the game, so as to further improve user stickiness. Meanwhile, the official competitions of Subway Surfers are also in full swing, and we will continue to expand the scale and influence of the competitions, building a leading brand of Casual Sports.

For the Gardenscapes and Homescapes, we maintained frequent and close communication with core users through Fanbook, enabling a clearer product iteration and promoting the contents to accurately match the target users. In the first half of this year, we launched high-quality contents such as “Chinese mythology about peach of immortality” and “cat farm”, which can further meet the deeper emotional experience demands of female users, and the DAUs, paying users and paying ratio hit new highs. During the summer vacation of this year, after the launch of Jiangnan ancient theme version of Gardenscapes, the DAUs and paying users achieved counter-trend growth period on period.

For Glory All Stars, we maintained close interaction with core users to iterate the game properly and continued to introduce new gameplays, including the introduction of the level 70 version, the addition of a new character “Dragon Soul Warrior”, and the dark area maze raid with innovative dynamic difficulty adjustment system. As a game about to celebrate its 2nd anniversary, Glory All Stars not only features rich contents in-game, but also focuses on the maintenance of the community ecology out-of-game. With the Fanbook community serving as a high-frequency touchpoint out of the game for players, we greatly enrich the forms of community activities by integrating and applying AI and provided users with more intelligent and convenient services, thereby enhancing their interactive experience and sense of community belonging. The first half of this year saw a significant increase in time spending both in-game and out-of-game. At the same time, in response to the version updates, we launched a series of discount activities in the community to promote users to make the first payment and develop the habit of continuous consumption in the Fanbook mall, which effectively improved the profitability of the product and operating cash flow, and once again realized the steady improvement of the income quality.

Based on years of experience in the operation of high-quality games, iDreamSky has chosen a pragmatic development route to achieve a longer lifetime of products. We will continue to deeply engage with users, create blockbuster products with a longer lifetime, and improve their operational performance.

### **FANBOOK: WORKING WITH THE USERS IN R&D, PROMOTING GROWTH THROUGH REPUTATIONS AMONG COMMUNITIES AND EMBRACING AI TO IMPROVE EFFICIENCY**

Fanbook, having been independently developed and refined by iDreamSky for three years, is a channel-based community user management tool that can effectively solve community operation problems. By supporting efficient server establishment, effective user growth, and accurate operation, Fanbook enables brands to manage and operate their users efficiently, increase the paying ratio and promote the users' lifetime value (LTV), and ultimately create brands' own growth flywheel of user community.

Fanbook is now able to support the operation of tens of millions of users. In the past three years, in addition to our own game products, we have also been honored to work with many industry partners in research and practice, and explore a feasible way of “driving product growth with user communities”.

In addition, more generative AI capabilities are gradually being implemented on Fanbook, mainly in the context of improving community operation efficiency and assisting users in content generation, which plays a positive role in improving operational efficiency, enhancing player activity and enriching community content.

### **REDUCING COSTS AND IMPROVING EFFICIENCY, BEING FOCUSED AND PRAGMATIC**

The total revenue of the Company for the 2023 interim period decreased as compared with the corresponding period of last year, mainly because we further terminated the non-core gaming business and divested the IP derivatives business. We continued to focus on our core gaming business and achieved steady growth in revenue from those core games. At the same time, we continued to deepen user operation with Fanbook, leading to increased revenue from our own channels, improved gross margin and revenue quality. The continuous cost reduction and efficiency increase initiatives implemented by the Company have led to a decrease in administrative and operating costs. We will continue to implement the concept of reducing costs and increasing efficiency into all aspects of the organization, promote the substantial improvement in profitability and operating cash flow, and pursue the maximization of long-term free cash flow.

### **STEADY GROWTH OF OPERATING CASH FLOW**

During the interim period of 2023, the net cash generated from operating activities in our consolidated statements was RMB246 million, representing a substantial increase over RMB2.44 million in the same period last year, mainly due to our focus on the revenue quality and operating cash flow. The existing core gaming business is growing steadily, and new game products are also being launched one after another. Our profitability and cash-generation capability are strong.

Overall, since 2023, our main focus has been on further divesting non-core businesses and continuously increase the revenue of core businesses, thereby improving the quality of our revenue, which has long-term significance.

### **LOOKING FORWARD TO 2023, WE WILL ACTIVELY EMBRACE THE SPRING OF THE INDUSTRY, AND THE SELF-DEVELOPED GAMES WILL USHER IN A HARVEST PERIOD TO DRIVE NEW GROWTH**

In the first half of the year, we continued to drive growth in high-quality games by quality content and digital operations. After years of investment, the self-developed products will achieve bigger breakthrough this year.

As our first self-developed anime-style competitive shooting game, Calabiyau (卡拉彼丘) has quickly go viral in field of anime games and shooting games, thanks to its unique “stringed” gameplay and high-quality anime character designs. In the recent two open beta tests of “Boson” and “Superstring”, the game achieved excellent results with acquisition of a million new users, with important indicators such as daily average online time and user retention ratio exceeding expectations. At present, the game has officially entered the closed beta testing phase, and we are constantly introducing new gameplays, maps, characters and commercial contents to bring more excellent interactive entertainment experience to users.

Ni No Kuni: Cross Worlds (二之國:交錯世界) has obtained its publishing license in December 2022. It is a Ghibli style of Isekai fantasy adventure RPG mobile game, with top-notch stylized audio and visual quality. At present, the domestic version is under the joint development of iDreamSky and Tencent, with many exclusive contents for domestic users added. The game is close to completion, and it is expected that the paid test will be launched in the third quarter of this year.

Delta Force: Hawk Ops (三角洲行動) has obtained its publishing license in July 2023. It is a multi-play first-person tactical shooting game based on special operatives/teams, jointly developed by iDreamSky and Tencent. It will be released exclusively by Tencent in Mainland China and will be launched in due course.



### SOCIAL RESPONSIBILITY

For many years, we have been committed to achieve “Tech for Good” by utilizing the digital power, using games as a means of communication to broaden the boundaries of social responsibility, and proactively taking on social responsibility when providing more enjoyable cultural content to the public.

In the winter of last year, we launched the first public welfare activity of “Gardenscapes and Homescapes Protection Plan” for the protection of stray animals, and carried out a series of online activities of “Guarding Stray Small Angels” in the game of Gardenscapes and Homescapes. After launch of the event, it was strongly supported by many players. In the spring of this year, we launched the second phase of the “Gardenscapes and Homescapes Protection Plan” to combine public welfare activities with in-game creativity and attract more players to participate in the rescue of stray animals. In addition to launching public welfare activities in the game, we also cooperated with China Small Animal Protection Association and Shanghai “Love & Not Let Go” Shelter Center to repair the “Gardenscapes and Homescapes Love House” and improve the living environment for small animals.

In addition, we pay constant attention to the education and growth of young people, and carry out numerous educational public welfare projects, which not only provide a good educational environment and more learning opportunities for children in remote areas, but also provide a platform for more young people to show and learn. For example, in the public welfare donation activities of “Games Promotes Brilliance” carried out by the Games Publishing Committee and E-sports Working Committee of the China Audio-video and Digital Publishing Association, we actively responded to the call and donated intelligent and efficient large format printers and other items for the children of Erlang Primary School in Lijiang City, Yunnan Province. In addition, we worked with other enterprises to promote poverty alleviation, build a bridge of spiritual communication, enrich the cultural and spiritual life of children in remote areas, in order to jointly protect every child's dream.

We would like to thank all our colleagues, users and investors for their long-term support and trust. We will stay true to our initial intention, adhere to the long-termism, focus on the games as main business, deeply cultivate our advantage, constantly enhance the internal value of the Company, bring high-quality products to users, and create greater value for investors.

**Chen Xiangyu**

*Chairman of the Board*

Shenzhen, the PRC, August 30, 2023

# Management Discussion and Analysis

The following table sets forth the comparative figures for the six months ended June 30, 2023 and 2022:

	<b>Six months ended June 30,</b>	
	<b>2023</b> <i>RMB'000</i> <b>(Unaudited)</b>	2022 <i>RMB'000</i> (Unaudited)
Revenues	<b>1,121,245</b>	1,381,472
Cost of revenues	<b>(615,476)</b>	(782,968)
<b>Gross profit</b>	<b>505,769</b>	598,504
Selling and marketing expenses	<b>(115,248)</b>	(426,229)
General and administrative expenses	<b>(42,911)</b>	(87,616)
Research and development expenses	<b>(141,603)</b>	(184,379)
Impairment losses on intangible assets	<b>(920)</b>	(27,238)
Net impairment losses on financial assets and contract assets	<b>(68,518)</b>	(46,188)
Other income	<b>20,272</b>	18,634
Other (losses)/gains, net	<b>(3,967)</b>	23,440
Fair value gains/ (losses) on financial assets at fair value through profit or loss	<b>1,067</b>	(19,420)
<b>Operating profit/(loss)</b>	<b>153,941</b>	(150,492)
Finance income	<b>2,884</b>	4,182
Finance costs	<b>(113,565)</b>	(76,897)
Finance costs, net	<b>(110,681)</b>	(72,715)
Share of results of investments accounted for using the equity method	<b>(2,185)</b>	(48)
<b>Profit/(loss) before income tax</b>	<b>41,075</b>	(223,255)
Income tax (expenses)/credit	<b>(485)</b>	1,255
<b>Profit/(loss) for the period</b>	<b>40,590</b>	(222,000)
<b>Adjusted profit/(loss) for the period</b>	<b>201,831</b>	(51,027)

## REVENUES

Revenue for the six months ended June 30, 2023 decreased by 18.8% to approximately RMB1,121.2 million (for the six months ended June 30, 2022: RMB1,381.5 million). Among them, revenue from games, information services, IP derivatives business (discontinued operation) and others accounted for 95.0%, 3.6%, 1.0% and 0.4% (for the six months ended June 30, 2022: 93.0%, 3.5%, 3.0% and 0.5%) of the Group's total revenue, respectively.

	Six months ended June 30,			
	2023		2022	
	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Game revenue	1,065,088	95.0	1,284,430	93.0
Information service revenue	40,516	3.6	48,016	3.5
IP derivatives business revenue (discontinued operation)	11,434	1.0	41,891	3.0
Other revenue	4,207	0.4	7,135	0.5
	<b>1,121,245</b>	<b>100.0</b>	<b>1,381,472</b>	<b>100.0</b>

### Game Revenue

We derive a substantial portion of our revenue from our games. Games businesses contributed 95.0% and 93.0% of our revenue for the six months ended June 30, 2023 and 2022, respectively. Game revenue decreased from RMB1,284.4 million for the six months ended June 30, 2022 to RMB1,065.1 million for the six months ended June 30, 2023. The decrease in game revenue was mainly due to our focus on key high-quality games and the further reduction of operation of non-core games, which lead to the decrease in operating revenue from non-core games. However, the revenue from core operating games increased steadily.

Since the launch of the self-developed game Glory All Stars, it has continued to perform well in terms of various operating indicators and gross billing data, and has been maintaining strong growth potential up to now. The 10-year-old Subway Surfers was brought back to its peak and maintained steady growth in the summer co-creation activity taking place in the Fanbook community in the summer holiday of last year; the Gardenscapes and Homescapes maintained frequent and close communication with core users through Fanbook and continued to launch high-quality content to accurately meet the deeper emotional experience demands of female users, therefore, their gross billing increased significantly during the Reporting Period.

### Information Service Revenue

Our information service revenue is mainly derived from our advertising business. Revenue from information services decreased from RMB48.0 million for the six months ended June 30, 2022 to RMB40.5 million for the six months ended June 30, 2023. The decrease was mainly due to the Company's active adjustment of strategies to reduce in-app advertising to improve user experience.

### IP Derivatives Business Revenue (Discontinued Operation)

In February 2023, the Group has split-off its IP derivatives business, and assigned its independence to operate and develop. For the six months ended June 30, 2023, the Group's revenue from IP derivatives business was RMB11.4 million (for the six months ended June 30, 2022: RMB41.9 million).

### **COST OF REVENUES**

Our cost of revenues decreased by 21.4% from RMB783.0 million for the six months ended June 30, 2022 to RMB615.5 million for the six months ended June 30, 2023.

As a percentage of revenues, our cost of revenues decreased to 54.9% for the six months ended June 30, 2023 from 56.7% for the six months ended June 30, 2022. The decrease was mainly due to the continuous deepening of our user operation through Fanbook, leading to the increase in revenue from self-owned channels and the decrease in the proportion of games promoted through channels, and thus resulting in a corresponding decrease in channel costs.

### **SELLING AND MARKETING EXPENSES**

Our selling and marketing expenses decreased by 73.0% from RMB426.2 million for the six months ended June 30, 2022 to RMB115.2 million for the six months ended June 30, 2023. As a percentage of revenue, our selling and marketing expenses decreased from 30.9% for the six months ended June 30, 2022 to 10.3% for the six months ended June 30, 2023, primarily due to the significant decrease in marketing expenses as a result of our continuous improvement in customer acquisition efficiency and refined operation since 2023.

### **GENERAL AND ADMINISTRATIVE EXPENSES**

Our general and administrative expenses decreased by 51.0% from RMB87.6 million for the six months ended June 30, 2022 to RMB42.9 million for the six months ended June 30, 2023. As a percentage of revenue, our general and administrative expenses decreased from 6.3% for the six months ended June 30, 2022 to 3.8% for the six months ended June 30, 2023, as we continued to optimise the internal business structure of the Group, increased the focus of front-end business, and at the same time improved the organisational management efficiency to achieve cost reduction and efficiency improvement scientifically.

### **RESEARCH AND DEVELOPMENT EXPENSES**

Our research and development expenses decreased by 23.2% from RMB184.4 million for the six months ended June 30, 2022 to RMB141.6 million for the six months ended June 30, 2023. As a percentage of revenue, our research and development expenses decreased from 13.3% for the six months ended June 30, 2022 to 12.6% for the six months ended June 30, 2023. The decrease in research and development expenses was mainly due to the fact that we focused on the development of key projects since the second half of 2022 and sealed up some ongoing projects.

### **NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS**

We recorded net impairment losses on financial assets and contract assets of RMB68.5 million and RMB46.2 million for the six months ended June 30, 2023 and 2022, respectively.

### **FINANCE COSTS, NET**

Our net finance costs increased by 52.3% from RMB72.7 million for the six months ended June 30, 2022 to RMB110.7 million for the six months ended June 30, 2023. The main reason for the increase in net finance costs was that we incurred a foreign exchange loss of RMB33.9 million for the six months ended June 30, 2023, as compared to a foreign exchange loss of RMB11.8 million for the six months ended June 30, 2022.

### **INCOME TAX EXPENSES/CREDIT**

We recorded an income tax expense of RMB0.5 million for the six months ended June 30, 2023, compared to an income tax credit of RMB1.3 million for the six months ended June 30, 2022.

### PROFIT/LOSS FOR THE PERIOD

We recorded the profit for the period of RMB40.6 million and the loss for the period of RMB222.0 million for the six months ended June 30, 2023 and 2022, respectively.

### OTHER FINANCIAL INFORMATION

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Adjusted profit/(loss) for the period <sup>(1)</sup>	201,831	(51,027)
EBITDA <sup>(2)</sup>	154,745	(36,513)
Adjusted EBITDA <sup>(3)</sup>	275,312	100,606

*Notes:*

- (1) To supplement our unaudited consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit for the period as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the period was derived from our profit/loss for the period excluding share-based compensation expenses, fair value gains or losses on financial assets, interest expenses on convertible bonds, impairment losses on intangible assets, net impairment losses on financial assets and contract assets, impairment losses on prepayments, losses from discontinued IP derivatives business segment and exchange losses. The adjusted profit for the six months ended June 30, 2022 was restated and adjusted to remain comparable for the same period.
- (2) EBITDA is net income or loss before interest expense, income tax expense/credit, depreciation and amortization.
- (3) Adjusted EBITDA is calculated using profit/loss for the period, adding back depreciation of property, plant and equipment, investment properties and right-of-use assets, amortization of intangible assets, income tax expense/credit and interest expense.

### Non-International Financial Reporting Standards Financial Measures

To supplement the consolidated financial statements of the Group prepared in accordance with IFRS, three non-IFRS measures, namely adjusted profit for the period, EBITDA and adjusted EBITDA, have been presented in this report as additional financial measures. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

We present non-IFRS financial measures because they are used by our management to evaluate our operating performance and formulate business plans. By excluding certain expenses, gain/(loss) and other items that are not expected to result in future cash payments or that are non-recurring in nature or may not be indicative of our core operating results and business outlook, we believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information regarding the Group's financial performance to investors and Shareholders of the Company. The Company's management also believes that the non-IFRS measures are appropriate for evaluating the Group's operating results and the relevant trends relating to its financial position. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results.

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the six months ended June 30, 2023 and 2022 to the nearest measures prepared in accordance with IFRS:

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	2022 <i>RMB'000</i> (Unaudited)
<b>Reconciliation of profit/(loss) for the period to adjusted profit/(loss) for the period:</b>		
<b>Profit/(loss) for the period</b>	<b>40,590</b>	(222,000)
Add: Fair value (gains)/losses on financial assets at fair value through profit or loss	<b>(1,067)</b>	19,420
Add: Share-based compensation expenses	<b>2,395</b>	11,689
Add: Impairment losses on contract assets	<b>—</b>	115
Add: Interest expenses on convertible bonds	<b>40,674</b>	33,854
Add: Impairment loss on intangible assets	<b>920</b>	27,238
Add: Net impairment losses on financial assets	<b>68,518</b>	46,188
Add: Impairment loss on prepayments	<b>1,215</b>	20,623
Add: Loss from discontinued operation (the IP derivatives business)	<b>14,667</b>	—
Add: Exchange losses	<b>33,919</b>	11,846
<b>Adjusted profit/(loss) for the period</b>	<b>201,831</b>	(51,027)
<b>Reconciliation of profit/(loss) for the period to EBITDA and adjusted EBITDA:</b>		
<b>Profit/(loss) for the period</b>	<b>40,590</b>	(222,000)
Add: Depreciation of property, plant and equipment, investment properties and right-of-use assets	<b>12,038</b>	17,999
Add: Amortization of intangible assets	<b>21,986</b>	103,692
Add: Income tax expense/(credit)	<b>485</b>	(1,255)
Add: Interest expense	<b>79,646</b>	65,051
<b>EBITDA</b>	<b>154,745</b>	(36,513)
Add: Fair value (gains)/losses on financial assets at fair value through profit or loss	<b>(1,067)</b>	19,420
Add: Share-based compensation expenses	<b>2,395</b>	11,689
Add: Impairment losses on contract assets	<b>—</b>	115
Add: Impairment loss on intangible assets	<b>920</b>	27,238
Add: Net impairment losses on financial assets	<b>68,518</b>	46,188
Add: Impairment loss on prepayments	<b>1,215</b>	20,623
Add: Loss from discontinued operation (the IP derivatives business)	<b>14,667</b>	—
Add: Exchange losses	<b>33,919</b>	11,846
<b>Adjusted EBITDA</b>	<b>275,312</b>	100,606

## LIQUIDITY AND FINANCIAL RESOURCES

We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position.

As of June 30, 2023, the Group's total cash and cash equivalents increased by 110.2% to approximately RMB190.2 million from approximately RMB90.5 million as of December 31, 2022. Our cash and cash equivalents were primarily denominated in RMB, HKD, EUR and USD.

As of June 30, 2023, the Group's total borrowings amounted to approximately RMB1,027.0 million (December 31, 2022: RMB1,011.2 million). The nature of the Group's borrowings is summarized as follows:

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Secured bank borrowings	1,017,010	991,241
Secured other borrowings	10,000	20,000
	<b>1,027,010</b>	<b>1,011,241</b>

The carrying amount of the Group's borrowings are denominated in the following currencies:

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
RMB	711,926	568,400
EUR	315,084	442,841
	<b>1,027,010</b>	<b>1,011,241</b>

As of June 30, 2023, the current assets of the Group amounted to approximately RMB2,061.3 million, and the current liabilities of the Group amounted to approximately RMB1,899.0 million. As of June 30, 2023, the current ratio (calculated by dividing the current assets by the current liabilities) of the Group was 1.09 as compared with 0.87 as of December 31, 2022.

Debt ratio is calculated based on our total liabilities as at the respective date divided by our total assets as at the same date. As of June 30, 2023, the debt ratio of the Group was 54.8% as compared with 58.5% as of December 31, 2022.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, convertible bonds, interest payable and lease liabilities less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statement of financial position. As of June 30, 2023 and December 31, 2022, the Group's gearing ratio was 71.2% and 80.5%, respectively.

## PLEDGE OF ASSETS

Among the total borrowings of the Group as of June 30, 2023, approximately RMB747.0 million (December 31, 2022: RMB751.2 million) were secured by the Group's certain trade receivables, certain game intellectual properties and certain deposits, which accounted for approximately 72.7% (December 31, 2022: 74.3%) of the Group's total borrowings.

### CONTINGENT LIABILITIES

As of June 30, 2023, the Group did not have any unrecorded significant contingent liabilities or guarantees made by us (December 31, 2022: nil).

### CAPITAL EXPENDITURE

For the six months ended June 30, 2023, our total capital expenditure was approximately RMB80.6 million, as compared to RMB108.3 million for the six months ended June 30, 2022. Our capital expenditure primarily included expenditures for license fees paid to game developers, construction in progress and purchase of property, plant and equipment. We plan to fund our capital expenditures through our operating cash flow, debt financing and equity financing. We may adjust our capital expenditure according to our future development plans or in light of market conditions and other factors that we consider appropriate.

### MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

For the six months ended June 30, 2023, the Group did not have any material acquisitions, disposals or significant investments.

### FOREIGN EXCHANGE RISK MANAGEMENT

The Group operates internationally and is exposed to the foreign exchange risk arising from various currency exposures, primarily RMB, HKD, EUR and USD. Therefore, the foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. Our Group manages the foreign exchange risk by performing regular reviews of its net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

We did not hedge against any fluctuations in foreign currency during the six months ended June 30, 2023 and 2022.

### EMPLOYEES AND THEIR REMUNERATION POLICIES, RETIREMENT PLANS AND TRAINING PROGRAMS

As at June 30, 2023 and December 31, 2022, we had 762 and 1,048 full-time employees, respectively. Substantially all of our employees are from the PRC, and a small number of employees are from Hong Kong.

Our success depends on our ability to attract, retain and motivate qualified personnel. We provide employees with competitive remuneration packages to achieve the Group's talent strategic objectives. In addition to basic salary, we also provide employees with diversified remuneration policies such as performance bonus and share awards. We also purchase commercial health and accident insurance for our employees. We have granted, and plan to continue to grant in the future, share award schemes to our employees to incentivize their contributions to our development.

The Group and its employees in the PRC participate in various social security plans and housing funds in accordance with the laws and regulations of the PRC and the requirements of the relevant authorities where the PRC employees are located. Among them, post-employment benefit plans are basic pension insurance organized and implemented by the Ministry of Labor and Social Security of the PRC (the "**Social Security Department**"), which belong to the category of defined contribution plans. These insurance plans shall be calculated as a percentage of the employees' basic salaries and make monthly contributions, which are charged to profit or loss on an accrual basis. The Social Security Department is responsible for the payment of the basic social pension to the retired employees upon their retirement in the PRC. We also make contributions for our Hong Kong employees at the statutory mandatory contribution rates jointly borne by the Company and the employees within the statutory limits prescribed by the Mandatory Provident Fund Schemes Ordinance.



During the six months ended June 30, 2023 and the year ended December 31, 2022, no forfeited contributions were used to offset employers' contributions and forfeited contributions were available to reduce the contributions payable in the future years.

We provide talent management training programs for our senior management to help them enhance their strategic vision and leadership skills. We also provide employees with job-specific trainings, such as customer service training and compliance management training, as well as various theme-specific trainings such as Tech-talk activities, induction training for fresh graduates and employee sharing activities. Through these trainings, we help employees improve their professional skills and comprehensive qualities.

### FURTHER INFORMATION RELATING TO 2022 ANNUAL REPORT

Reference is made to the 2022 annual report of the Company (the "2022 Annual Report"). Further information in relation to impairment losses of the Group for the year ended December 31, 2022 is provided as follows.

#### Impairment Losses on Intangible Assets and Prepayments

Intangible assets and prepayments are subject to impairment assessment in accordance with IAS 36 "Impairment of assets". The Group periodically carried out review of performance for games already launched and future development plan for the games in pipeline portfolio and their related expected cash flow to identify impairment indicators. Where impairment indicator existed, the Group performed impairment assessment by comparing the recoverable amount to the carrying amount. The provision amount, if any, is the excess amount of the carrying amount over the recoverable amount, which is the higher of value-in-use and fair value less cost of disposal (the "FVCO").

In 2022, the global economic growth slowed down, and the Chinese game market was also affected to a certain extent. At the same time, it was difficult for certain games to obtain game publication numbers. Based on the judgement of the market condition, the Company adjusted its strategy to optimize the product layout in the future, focusing on the publication and self-development of high-quality games as core strategic point, and made the judgement that certain games were no longer in line with the Group's game business strategy. In 2022, the Company continued its adherence to the long-termism, terminated the non-core gaming business and continued to focus on core gaming business. Besides, certain games' net cash flow after deducting expected operation costs was far below expectation. As impairment indicator was identified, the Group performed impairment assessment and estimated recoverable amount based on FVCO, which was determined using discounted-cash-flow model. The discounted-cash-flow model was prepared and reviewed by finance department, operation department and R&D department and adjusted from the perspective of market participants by leveraging the Group's experiences in the industries.

As a result, the senior management team made impairment losses on the intangible assets of RMB752.3 million and impairment losses on prepayments of RMB533.1 million due to the following reasons:

- (a) Gross billing (total RMB amount paid by paying game users to purchase virtual items) from certain games significantly decreased in 2022 and were far below expectation. The Group expected that substantial promotion and monetisation efforts were required to attract more paying game users in order to generate expected revenue or positive net cash flow for these games, which were not considered as cost-effective. Therefore, the Group made the decision to place these games offline in 2022 or 2023 and made full impairment provision for the remaining carrying amount of the relevant intangible assets and prepayments in 2022.
- (b) For certain games in pipeline portfolio, the categories and content themes have become outdated and no longer in line with the Group's game business strategy. Besides, the Group anticipated that it would not be able to obtain the licenced game publication numbers for these games in a timely manner in the near future, which resulted in the Group missing the best time window for launching these games. Consequently, the senior management team concluded that further developing and launching these games would not generate sufficient profit to cover operation cost and positive cash flow, leading to the decision to cease their further development. Therefore, the Group decided not to further develop and launch these games and made full impairment provision for the remaining carrying amount of the relevant intangible assets and prepayments in 2022.

## Net Impairment Losses on Financial Assets

As mentioned above, due to the impact of the global economic growth and Chinese game market, some of the Company's customers and business partners have insufficient solvency. The senior management team recorded a total impairment loss on the financial assets of RMB360.9 million, including impairment losses on trade receivables and other receivables of RMB167.9 million and RMB193.0 million, respectively.

As disclosed in Note 3.1(b) and Note 22 to the Consolidated Financial Statements in 2022 Annual Report, movements in the provision for impairment of financial assets are as follows:

	Year ended 31 December 2022		
	Movements in the provision for impairment of trade receivables <i>RMB'000</i>	Movements in the provision for impairment of other receivables <i>RMB'000</i>	Movements in the provision for impairment of amounts due from related parties <i>RMB'000</i>
(Audited)			
At the beginning of the year	87,087	10,783	113
Provision for impairment	167,899	193,022	7
Written off during the year	(104,993)	(5,901)	—
Disposal of a subsidiary	—	(186)	—
Currency translation differences	—	6,005	—
At the end of the year	149,993	203,723	120

### Impairment loss on trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In determining the expected loss rates for trade receivables of each category as at December 31, 2022, the Group applied roll rate model and made forward-looking adjustment based on the information of macro-economic to affect the ability of the customers to settle the receivables.

The impairment losses on trade receivables in 2022 amounted to RMB167.9 million, which comprised below items:

- (a) The Group made impairment losses on collective basis of RMB62.9 million in 2022 primarily due to: (i) an increase of carrying amount of trade receivables, (ii) an increase of historical loss rate as certain trade receivables in certain categories could not be collected within credit term due to the impact from the deterioration of macro economy and adverse change in the industry ecosystem, partially offset by (iii) decrease of impact for forward looking adjustment as the senior management has made forward-looking adjustments to the historical loss rate based on its expectations of macro-factors through forward-looking models and its macro-economic expectation is more optimistic than in 2021.
- (b) In 2022, the global economic growth slowed down, and the Chinese game market was also affected to a certain extent, which resulted in certain distribution channel or advertising customers experiencing financial difficulties. After taking a series of actions, the Group assessed that trade receivables from these customers were credit-impaired and made full impairment of RMB105.0 million in 2022.

### **Impairment loss on other receivables**

As disclosed in Note 3.1(b)(iv) of the 2022 Annual Report, the Board considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk or default on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date of the 2022 Annual Report with the risk of default as of the date of initial recognition.

The senior management team makes periodic collective assessments on the recoverability of other receivables based on historical settlement records and past experience. In calculating the expected credit loss rates, the Group considers the historical loss rates and adjusts for forward-looking macroeconomic data. The Group uses three stages approach for other receivables which reflect their credit risk and how the credit loss provision is determined for each of those categories.

The impairment losses on other receivables in 2022 amounted to RMB193 million, most of which were related to loans to third parties. When the loans were made, the Company was of the belief that the third parties should possess the ability to repay the loans. As the Company wished to have opportunity to have business cooperation with these third parties in the future, loans were made with the expectation that business relationship could be built in the future. In 2022, the senior management team identified a severe deterioration in the financial position of certain debtors and certain loans to third parties could not be recovered though the senior management team had taken a series of actions, including sending legal letters to the debtors. However, based on the feedbacks from the actions taken, the senior management team made the judgment that these debtors could not recover from deterioration, some of which were even already being sued by other companies and were under enforcement, and therefore resulted in full impairment losses being made.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance for the six months ended June 30, 2023.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separate, and shall not be performed by the same individual.

Mr. Chen Xiangyu is concurrently the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company. However, due to Mr. Chen Xiangyu’s background, qualifications and experience in the Company, he is considered the most suitable person to take both roles. The Board is of the view that it is appropriate and in the best interests of the Company that Mr. Chen Xiangyu holds both positions, as it helps to maintain the continuity of the policies and the efficiency and stability of the operations of the Company.

Besides, all major decisions of the Company have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. In addition, Directors participated actively in all Board meetings and appropriate committee meetings. The Chairman ensures that all issues are properly briefed at the Board meetings, and the Chairman works with the senior management team to provide adequate, accurate, clear, complete and reliable information to all members of the Board on a regular manner. Further, the Board meets with Mr. Chen Xiangyu regularly to discuss issues relating to the operations of the Group.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. Mr. Chen Xiangyu holding both the positions of Chairman and Chief Executive Officer of the Company will not have influence on the balance of power and authority between the Board and the Company’s senior management team. Despite the above, the Board will continue to regularly monitor and review the Company’s current structure and to make necessary changes when appropriate.

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended June 30, 2023.

## INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: Nil).

## AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited consolidated financial statements and this interim report for the six months ended June 30, 2023. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed and reviewed the risk management, internal control and financial reporting matters.

## CHANGES TO DIRECTORS' INFORMATION

On August 30, 2023, Mr. Ma Xiaoyi, Mr. Yao Xiaoguang and Mr. Chen Yu resigned as non-executive Directors and members of the strategy committee of the Company, while Mr. Yang Jialiang was appointed as an executive Director and a member of the remuneration and appraisal committee of the Company, and Mr. Yang Ming was appointed as a non-executive Director and a member of the strategy committee of the Company.

Ms. Yu Bin, an independent non-executive Director of the Company, resigned from her position as an independent director of two U.S. listed companies (namely, Baozun Inc. and Kuke Music Holding Limited) in May 2023.

Save as disclosed above, during the six months ended June 30, 2023, there was not any change to Directors' information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of the Rule 13.51(2) of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Group did not purchase, sell or redeem any of the Company's listed securities for the six months ended June 30, 2023.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As of June 30, 2023, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (a) Interest in Shares and Underlying Shares

Name of Directors	Capacity/Nature of Interest	Number of Shares Held <sup>(6)</sup>	Approximate Percentage of Interest in the Company <sup>(1)(5)</sup>
Mr. Chen Xiangyu ("Mr. Chen") <sup>(2)</sup>	Interest of controlled corporation	232,643,922 (L)	16.49%
	Beneficial owner	26,720,800 (L)	1.89%
Mr. Guan Song ("Mr. Guan") <sup>(3)</sup>	Interest of controlled corporation	18,861,220 (L)	1.34%
	Beneficial owner	14,978,000 (L)	1.06%
Mr. Jeffrey Lyndon Ko ("Mr. Ko") <sup>(4)</sup>	Interest of controlled corporation	13,965,000 (L)	0.99%

*Notes:*

- (1) The percentages are calculated on the basis of 1,410,398,345 Shares in issue as of June 30, 2023.
- (2) Brilliant Seed Limited is wholly owned by Mr. Chen, who is therefore deemed to be interested in the Shares held by Brilliant Seed Limited.
- (3) Bubble Sky Limited is wholly owned by Mr. Guan, who is therefore deemed to be interested in the Shares held by Bubble Sky Limited.
- (4) Shipshape Holdings Limited is wholly owned by Mr. Ko, who is therefore deemed to be interested in the Shares held by Shipshape Holdings Limited.
- (5) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.
- (6) The letter "L" denotes the person's long position in such Shares.

**(b) Interest in associated corporations**

<b>Name of Directors</b>	<b>Associated Corporations</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Shares Held</b>	<b>Approximate Percentage of Interest in the Associated Corporations</b>
Mr. Chen	Shenzhen Mengyu Technology Co. Ltd.	Beneficial owner	500,000 (L)	5.00%

Save as disclosed above, as of June 30, 2023, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as otherwise disclosed in this interim report, at no time during the six months ended June 30, 2023 was the Group a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As of June 30, 2023, to the best knowledge of the Directors, the following persons (not being a director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held <sup>(6)(7)</sup>	Approximate Percentage of Interest in the Company <sup>(1)(5)</sup>
Brilliant Seed Limited <sup>(2)</sup>	Beneficial owner	232,643,922 (L)	16.49%
Mr. Chen <sup>(2)</sup>	Interest of controlled corporation Beneficial owner	26,720,800 (L) 232,643,922 (L)	1.89% 16.49%
Tencent Mobility Limited <sup>(3)</sup>	Beneficial owner	249,141,192 (L)	17.66%
Tencent Holdings Limited <sup>(3)</sup>	Interest of controlled corporation	249,141,192 (L)	17.66%
iDreamSky Technology Limited <sup>(4)</sup>	Beneficial owner	127,839,505 (L)	9.06%
Dream Investment Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	127,839,505 (L)	9.06%
Dream Technology Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	127,839,505 (L)	9.06%
Bank of America Corporation	Interest of controlled corporation Interest of controlled corporation	211,596,799 (L) 211,590,113 (S)	15.00% 15.00%

*Notes:*

- (1) The percentages are calculated on the basis of 1,410,398,345 Shares in issue as of June 30, 2023.
- (2) Brilliant Seed Limited is wholly owned by Mr. Chen. Under the SFO, Mr. Chen is deemed to be interested in the Shares held by Brilliant Seed Limited.
- (3) Tencent Mobility Limited is a wholly owned subsidiary of Tencent Holdings Limited. Under the SFO, Tencent Holdings Limited is deemed to be interested in the Shares held by Tencent Mobility Limited.
- (4) iDreamSky Technology Limited is wholly owned by Dream Investment Holdings Limited, which is an exempted company incorporated with limited liabilities in the Cayman Islands and is in turn wholly owned by Dream Technology Holdings Limited. None of the shareholders of Dream Technology Holdings Limited hold one-third or more of the equity interest of Dream Technology Holdings Limited. Under the SFO, Dream Investment Holdings Limited and Dream Technology Holdings Limited are deemed to be interested in the Shares held by iDreamSky Technology Limited.
- (5) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.
- (6) The letter "L" denotes the person's long position in such Shares.
- (7) The letter "S" denotes the person's short position in such Shares.

Save as disclosed above, as of June 30, 2023, the Directors were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## SHARE SCHEME

### Pre-IPO RSU Scheme

As approved by the Board, the Company adopted a restricted share unit (the “**RSU(s)**”) scheme (the “**Pre-IPO RSU Scheme**”) on May 18, 2018, according to which, the Board may, at its discretion, grant RSU to any eligible participants. For a summary of the principal terms of the Pre-IPO RSU Scheme, please refer to the Prospectus of the Company dated November 26, 2018.

As at the effective date of the Pre-IPO RSU Scheme, the total number of RSUs available for issue shall not exceed 8,627,045 (the “**Total Number of RSUs**”), representing a total of 8,627,045 Shares. On May 18, 2018, the Board resolved to allot an aggregate of 8,627,045 Shares to the RSU holding entities, which hold the Shares of the Company on trust. On the Listing Date, the share capital of the Company was increased from 500,000,000 Shares to 5,000,000,000 Shares and the authorized share capital was also increased by ten times. As a result, the Total Number of RSUs shall be changed to 86,270,450 RSUs accordingly, representing a total of 86,270,450 Shares.

On February 20, 2023, the Company granted 700,000 RSUs to an employee of the Group in accordance with the Pre-IPO RSU Scheme. As of June 30, 2023, the number of Shares available for future grant under the Pre-IPO RSU Scheme was 387,584.

### 2023 Share Incentive Scheme

As approved by the Board, the Company has adopted a 10-year share incentive scheme on May 18, 2023 (the “**2023 Share Incentive Scheme**”) which is solely satisfied by existing shares.

The Board may accordingly make an offer of options and/or grant RSUs to any employee (whether full-time or part-time), executive or officer, director and consultant of any member of the Group, under the 2023 Share Incentive Scheme. Please refer to the announcement of the Company dated May 18, 2023 for a summary of the principal terms of the 2023 Share Incentive Scheme.

The total number of Shares which involved upon exercise of all options and/or RSUs granted under the 2023 Share Incentive Scheme shall not in aggregate exceed 28,207,966 Shares (excluding the relevant award Shares that have lapsed or been canceled in accordance with the 2023 Share Incentive Scheme), representing 2% of the issued share capital of the Company as at the adoption date. As of June 30, 2023, no RSUs or options had been granted by the Company under the 2023 Share Incentive Scheme.

### 2023 New Share Option Scheme

The Company adopted a 10-year share option scheme (the “**2023 Share Option Scheme**”) by an ordinary resolution at the annual general meeting of the Company dated June 30, 2023.

The Board may accordingly grant options to any employee (whether full-time or part-time), executive or officer and director of any member of the Group under the 2023 Share Option Scheme. Please refer to the circular of the Company dated June 8, 2023 for a summary of the principal terms of the 2023 Share Option Scheme.

The total number of Shares which may be issued upon exercise of all options to be granted under the 2023 Share Option Scheme shall not in aggregate exceed 56,415,933 Shares, representing 4% of the issued share capital of the Company as at the adoption date. As at January 1, 2023, no share options can be granted under the 2023 Share Option Scheme mandate and the service provider sub-limit respectively. As at June 30, 2023, there were 56,415,933 share options that can be granted under the 2023 Share Option Scheme, no share options can be granted to the service providers.

As of June 30, 2023, no share options had been granted, vested, forfeited by the Company to any eligible participant under the 2023 Share Option Scheme; As such, during the six months ended June 30, 2023, the result of the Shares may be issued in respect of options and awards granted under all schemes of the issuer divided by the weighted average number of relevant class of Shares in issue during the period is not available.



## SUBSEQUENT EVENTS

On October 16, 2020, Dreambeyond Holdings Limited (“**DHL**”), a wholly-owned subsidiary of the Company, completed the issue of HKD775 million 3.125% guaranteed convertible bonds due 2025 (the “**Existing Convertible Bonds**”). On July 10, 2023, DHL and the Company appointed Merrill Lynch (Asia Pacific) Limited as the dealer manager to start collecting bond selling intentions of holders of Existing Convertible Bonds to repurchase the Existing Convertible Bonds (the “**Repurchase**”). Finally, on July 24, 2023, upon fulfilment of all the conditions, an aggregate principal amount of HKD758 million of the Existing Convertible Bonds were repurchased and cancelled, representing 97.8% of the initial principal amount of the Existing Convertible Bonds, and the remaining principal amount of the Existing Convertible Bonds is HKD17 million (the “**Remaining Existing Convertible Bonds**”). For details, please refer to the announcements of the Company dated July 10 and July 24, 2023.

On July 17, 2023, the conversion price of the Existing Convertible Bonds was adjusted from HKD4.99 per share to HKD4.93 per share. The maximum number of shares to be issued upon full conversion of the Existing Convertible Bonds increased from 155,310,621 shares to 157,200,811 shares. Subject to the aforesaid Repurchase, the maximum number of shares to be issued upon full conversion of the Remaining Existing Convertible Bonds is 3,448,275 shares. For details, please refer to the announcement of the Company dated July 14, 2023.

On July 18, 2023, the Company completed the placing and issue of 164,177,200 Shares under general mandate to no less than six placees, who were then independent third parties, at a price of HKD3.10 per Share. For details, please refer to the announcements of the Company dated July 11 and July 18, 2023.

On July 24, 2023, the Company completed the placing and issue of HKD386 million 5.00% convertible bonds due 2028 (convertible into listed and circulating ordinary shares up to a maximum of 106,043,956 Shares) under general mandate to no less than six independent placees. For details, please refer to the announcements of the Company dated July 11 and July 24, 2023.

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2023

	Note	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenues	7	1,121,245	1,381,472
Cost of revenues	8	(615,476)	(782,968)
<b>Gross profit</b>		<b>505,769</b>	598,504
Selling and marketing expenses	8	(115,248)	(426,229)
General and administrative expenses	8	(42,911)	(87,616)
Research and development expenses	8	(141,603)	(184,379)
Impairment losses on intangible assets	8	(920)	(27,238)
Net impairment losses on financial assets and contract assets		(68,518)	(46,188)
Other income	9	20,272	18,634
Other (losses)/gains, net	9	(3,967)	23,440
Fair value gains/(losses) on financial assets at fair value through profit or loss	17	1,067	(19,420)
<b>Operating profit/(loss)</b>		<b>153,941</b>	(150,492)
Finance income	10	2,884	4,182
Finance costs	10	(113,565)	(76,897)
Finance costs, net	10	(110,681)	(72,715)
Share of results of investments accounted for using the equity method	16	(2,185)	(48)
<b>Profit/(loss) before income tax</b>		<b>41,075</b>	(223,255)
Income tax (expense)/credit	11	(485)	1,255
<b>Profit/(loss) for the period</b>		<b>40,590</b>	(222,000)
<b>Other comprehensive income/(loss)</b>			
Items that will not be reclassified to profit or loss			
— Currency translation differences		129,242	183,875
Items that may be reclassified to profit or loss			
— Currency translation differences		(110,170)	(141,149)
<b>Total comprehensive income/(loss) for the period</b>		<b>59,662</b>	(179,274)

## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2023

	Note	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Profit/(loss) for the period attributable to:</b>			
— Equity holders of the Company		40,712	(203,305)
— Non-controlling interests		(122)	(18,695)
		<u>40,590</u>	<u>(222,000)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
— Equity holders of the Company		59,784	(160,579)
— Non-controlling interests		(122)	(18,695)
		<u>59,662</u>	<u>(179,274)</u>
<b>Earnings/(losses) per share</b>			
— Basic earnings/(losses) per share ( <i>in RMB</i> )	12	<u>0.03</u>	<u>(0.15)</u>
— Diluted earnings/(losses) per share ( <i>in RMB</i> )	12	<u>0.03</u>	<u>(0.15)</u>

The accompanying notes on pages 31 to 58 form an integral part of this interim financial information.

# Interim Condensed Consolidated Statement of Financial Position

As of June 30, 2023

	Note	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	86,415	107,943
Intangible assets	13	998,120	1,004,718
Investment properties	14	6,735	6,955
Right-of-use assets	15	97,990	185,415
Investments accounted for using the equity method	16	343,619	347,461
Financial assets at fair value through profit or loss	17	346,623	348,897
Prepayments and other receivables	19	91,942	91,182
Deferred tax assets		96,075	113,553
		<b>2,067,519</b>	2,206,124
<b>Current assets</b>			
Inventories		—	20,688
Trade receivables	18	561,022	724,932
Amounts due from related parties	27(c)(i)	111,287	16,418
Prepayments and other receivables	19	997,270	996,668
Contract costs		24,424	55,405
Financial assets at fair value through profit or loss	17	103,205	125,857
Restricted cash	22(a)	73,884	87,099
Cash and cash equivalents		190,211	90,527
		<b>2,061,303</b>	2,117,594
<b>Total assets</b>		<b>4,128,822</b>	4,323,718
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital, share premium and treasury shares	20	3,291,884	3,291,884
Reserves	21	845,703	800,985
Accumulated losses		(2,455,062)	(2,472,523)
		<b>1,682,525</b>	1,620,346
<b>Non-controlling interests</b>		<b>184,113</b>	174,196
<b>Total equity</b>		<b>1,866,638</b>	1,794,542

## Interim Condensed Consolidated Statement of Financial Position

As of June 30, 2023

	Note	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	22	351,347	—
Lease liabilities	15	11,829	82,113
		363,176	82,113
<b>Current liabilities</b>			
Borrowings	22	675,663	1,011,241
Lease liabilities	15	11,686	34,926
Trade payables	24	280,769	443,498
Other payables and accruals	25	130,414	224,687
Current income tax liabilities		41,706	41,317
Contract liabilities		216,992	199,133
Convertible bonds	23	541,778	492,261
		1,899,008	2,447,063
<b>Total liabilities</b>		<b>2,262,184</b>	2,529,176
<b>Total equity and liabilities</b>		<b>4,128,822</b>	4,323,718

The accompanying notes on pages 31 to 58 form an integral part of this interim financial information.

On behalf of the Board

\_\_\_\_\_  
**Chen Xiangyu**  
Director

\_\_\_\_\_  
**Guan Song**  
Director

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

(Unaudited)	Note	Attributable to equity holders of the Company							Non-controlling interests RMB'000	Total equity RMB'000
		Share capital, share premium and treasury shares RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Translation differences RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000		
<b>Balance at January 1, 2023</b>		<b>3,291,884</b>	<b>16,100</b>	<b>96,062</b>	<b>66,996</b>	<b>621,827</b>	<b>(2,472,523)</b>	<b>1,620,346</b>	<b>174,196</b>	<b>1,794,542</b>
Profit for the period		—	—	—	—	—	40,712	40,712	(122)	40,590
Other comprehensive income		—	—	—	—	—	—	—	—	—
— Currency translation differences		—	—	—	19,072	—	—	19,072	—	19,072
<b>Total comprehensive income for the period</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>19,072</b>	<b>—</b>	<b>40,712</b>	<b>59,784</b>	<b>(122)</b>	<b>59,662</b>
<b>Transactions with owners</b>										
Share-based compensation expenses		—	—	—	—	2,395	—	2,395	—	2,395
Profit appropriation to statutory reserves		—	—	23,251	—	—	(23,251)	—	—	—
Acquisition of treasury shares	20	—	—	—	—	—	—	—	—	—
Disposal of a subsidiary		—	—	—	—	—	—	—	10,039	10,039
<b>Total transactions with owners recognized directly in equity for the period</b>		<b>—</b>	<b>—</b>	<b>23,251</b>	<b>—</b>	<b>2,395</b>	<b>(23,251)</b>	<b>2,395</b>	<b>10,039</b>	<b>12,434</b>
<b>Balance at June 30, 2023</b>		<b>3,291,884</b>	<b>16,100</b>	<b>119,313</b>	<b>86,068</b>	<b>624,222</b>	<b>(2,455,062)</b>	<b>1,682,525</b>	<b>184,113</b>	<b>1,866,638</b>
<b>Balance at January 1, 2022</b>		<b>3,166,013</b>	<b>16,100</b>	<b>91,777</b>	<b>10,819</b>	<b>626,286</b>	<b>24,055</b>	<b>3,935,050</b>	<b>274,192</b>	<b>4,209,242</b>
Loss for the period		—	—	—	—	—	(203,305)	(203,305)	(18,695)	(222,000)
Other comprehensive loss		—	—	—	—	—	—	—	—	—
— Currency translation differences		—	—	—	42,726	—	—	42,726	—	42,726
<b>Total comprehensive loss for the period</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>42,726</b>	<b>—</b>	<b>(203,305)</b>	<b>(160,579)</b>	<b>(18,695)</b>	<b>(179,274)</b>
<b>Transactions with owners</b>										
Share-based compensation expenses		—	—	—	—	11,689	—	11,689	—	11,689
Issuance of ordinary shares	20	159,062	—	—	—	—	—	159,062	—	159,062
Acquisition of treasury shares	20	(28,834)	—	—	—	—	—	(28,834)	—	(28,834)
Transaction with non-controlling interests		—	—	—	—	856	—	856	144	1,000
Disposal of a subsidiary		—	—	—	—	—	—	—	1,893	1,893
<b>Total transactions with owners recognized directly in equity for the period</b>		<b>130,228</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,545</b>	<b>—</b>	<b>142,773</b>	<b>2,037</b>	<b>144,810</b>
<b>Balance at June 30, 2022</b>		<b>3,296,241</b>	<b>16,100</b>	<b>91,777</b>	<b>53,545</b>	<b>638,831</b>	<b>(179,250)</b>	<b>3,917,244</b>	<b>257,534</b>	<b>4,174,778</b>

The accompanying notes on pages 31 to 58 form an integral part of this interim financial information.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Note	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		245,540	2,466
Income taxes paid		154	(26)
<b>Net cash generated from operating activities</b>		<b>245,694</b>	<b>2,440</b>
<b>Cash flows from investing activities</b>			
Interest received from wealth management products		—	109
Dividends received		3,317	—
Purchase of property, plant and equipment	13	(2,476)	(18,417)
Proceeds from disposal of financial assets at fair value through profit or loss		30,821	5,517
Purchase of intangible assets		(52,924)	(88,040)
Payment for construction in progress		(25,165)	(1,881)
Proceeds from disposal of investments in associates and joint ventures		3,159	4,366
Loans to third parties		(11,683)	(374,585)
Repayment of loans due from third parties		10,000	165,766
Loans to shareholders		(5,299)	—
Repayment of loans due from shareholders		1,458	—
Proceeds from disposals of property, plant and equipment		11	4
Advances provided to related parties	27(b)(v)	(19,192)	(3,737)
Repayment received from a related party	27(b)(v)	3,152	65
Investments in associates and joint ventures		—	(3,850)
Proceeds from disposal of a subsidiary		—	7,650
Investments in financial assets at fair value through profit or loss		—	(18,011)
<b>Net cash used in investing activities</b>		<b>(64,821)</b>	<b>(325,044)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	22	(699,665)	(400,617)
Proceeds from borrowings	22	688,266	106,700
Interest expenses paid		(49,641)	(39,646)
Principal elements of lease payments	15	(10,315)	(12,645)
Changes in restricted cash		(9,996)	2,247
Payments for share repurchase		—	(28,834)
Proceeds from issuance of ordinary shares to the investors		—	159,062
Proceeds from transaction with non-controlling shareholders of the Company's subsidiary		—	1,000
<b>Net cash used in financing activities</b>		<b>(81,351)</b>	<b>(212,733)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>99,522</b>	<b>(535,337)</b>
Cash and cash equivalents at the beginning of the period		90,527	714,801
Effects of foreign exchange rate changes on cash and cash equivalents		162	1,287
<b>Cash and cash equivalents at the end of the period</b>		<b>190,211</b>	<b>180,751</b>

The accompanying notes on pages 31 to 58 form an integral part of this interim financial information.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

## 1 GENERAL INFORMATION

iDreamSky Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on January 3, 2018 as an exempted company with limited liability. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”) are principally engaged in game development, operation and distribution in the People’s Republic of China (the “**PRC**” or “**China**”).

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**HKEX**”) since December 6, 2018.

This interim condensed consolidated financial information for the six months ended June 30, 2023 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated. This Interim Financial Information was approved for issue by the Board of Directors on 30 August 2023.

## 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”), “Interim financial reporting”. The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2022 (the “**2022 Financial Statements**”), which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), as set out in the 2022 annual report of the Company dated 30 March 2023.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the 2022 Financial Statements and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

### (a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on January 1, 2023. The adoption of these new and revised standards does not have any significant impact on the interim condensed consolidated financial information.

### (b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after January 1, 2024 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangements	January 1, 2024

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group’s financial position and results of operations upon adopting these standards, amendments to standards and interpretations to the existing IFRSs.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 4 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the 2022 Financial Statements.

There were no significant changes in any material risk management policies during the six months ended June 30, 2023.

#### (b) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalent. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Above 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
<b>(Unaudited)</b>						
<b>As of June 30, 2023</b>						
Borrowings	693,189	292,119	48,732	18,032	1,052,072	1,027,010
Trade payables	280,769	—	—	—	280,769	280,769
Convertible bonds (Note 23)	736,864	—	—	—	736,864	541,778
Lease liabilities	12,690	11,186	1,017	—	24,893	23,515
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	60,222	—	—	—	60,222	60,222
<b>Total</b>	<b>1,783,734</b>	<b>303,305</b>	<b>49,749</b>	<b>18,032</b>	<b>2,154,820</b>	<b>1,933,294</b>
<b>(Audited)</b>						
<b>As of December 31, 2022</b>						
Borrowings	1,020,781	—	—	—	1,020,781	1,011,241
Trade payables	443,498	—	—	—	443,498	443,498
Convertible bonds (Note 23)	713,918	—	—	—	713,918	492,261
Lease liabilities	40,084	40,516	47,240	553	128,393	117,039
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	90,027	—	—	—	90,027	90,027
<b>Total</b>	<b>2,308,308</b>	<b>40,516</b>	<b>47,240</b>	<b>553</b>	<b>2,396,617</b>	<b>2,154,066</b>

For the six months ended June 30, 2023

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Capital managements

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, lease liabilities, amount due to related parties, interest payable, and convertible bonds less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statements of financial position. As of June 30, 2023, and December 31, 2022, the gearing ratio of the Group is 71.2% and 80.5%, respectively.

### (d) Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as of June 30, 2023, and December 31, 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value as of June 30, 2023, and December 31, 2022.

	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Unaudited)</b>					
<b>As of June 30, 2023</b>					
<b>Assets:</b>					
Financial assets at fair value through profit or loss	17	103,205	—	346,623	449,828
<b>(Audited)</b>					
<b>As of December 31, 2022</b>					
<b>Assets:</b>					
Financial assets at fair value through profit or loss	17	125,857	—	348,897	474,754

For the six months ended June 30, 2023

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED) (continued)

### (d) Fair value estimation (continued)

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs that are required to measure fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

The following table presents the movement in level 3 financial instruments during the six months ended June 30, 2023 and 2022:

	<b>Financial assets</b>	
	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>At the beginning of the period</b>	<b>348,897</b>	457,507
Additions	—	13,011
Disposals	<b>(1,120)</b>	(212)
Changes in fair value recognized in profit or loss	<b>(5,742)</b>	(19,236)
Currency translation differences	<b>4,588</b>	5,926
<b>At the end of the period</b>	<b>346,623</b>	456,996

There were no transfers among levels 1, 2 and 3 during the six months ended June 30, 2023, and 2022.

For the six months ended June 30, 2023

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED) (continued)

### (d) Fair value estimation (continued)

#### **Valuation processes of the Group (Level 3)**

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every six months. On an annual basis, the team adopts various techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the level 3 instruments mainly include investments in private investment funds and unlisted companies, convertible bonds, etc. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows approach, comparable transactions approach, and other option pricing models, etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimates of weighted average cost of capital ("**WACC**"), recent market transactions, discount for lack of marketability and other exposure, etc. The fair value of these instruments determined by the Group requires significant judgement, including the likelihood of nonperforming by the investee company, financial performance of the investee company, market value of comparable companies as well as discount rate, etc.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2022 Financial Statements.

## 6 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The Group's CODM has been identified as the CEO, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. As a result of this evaluation, the CEO of the Group consider that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in Cayman Island while the Group's non-current assets and revenues are substantially located in and derived from the PRC; therefore, no geographical segments are presented.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 7 REVENUES

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Game and information services revenues		
Game revenue	1,065,088	1,284,430
Information service revenue	40,516	48,016
Others	4,207	7,135
IP derivatives business revenue (discontinued operation)	11,434	41,891
	<b>1,121,245</b>	1,381,472

The timing of revenues recognition by category is as follows:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
At a point in time	685,855	487,650
Over time	435,390	893,822
	<b>1,121,245</b>	1,381,472

There are two kinds of unsatisfied performance obligations as of June 30, 2023 and 2022.

One is the sales of game tokens and virtual items where there is still an implied obligation to be provided by the Group. The Group has determined that it is obligated to provide on-going services to the game players over an average playing period of the paying players. The amount of such unsatisfied performance obligations had been reflected in contract liabilities as of the end of the reporting period.

The other one is mainly the mobile game development service and game cooperation services including on-going updates of new contents and maintenance service under variable price contracts, such as based on the pre-agreed percentage of the net billing of the game. The amount can not be estimated under such variable price contracts.

For the six months ended June 30, 2023

**8 EXPENSES BY NATURE**

Expenses included in cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets are analyzed below:

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	2022 <b>RMB'000</b> (Unaudited)
Channel costs	<b>388,063</b>	460,847
Revenue share to content providers	<b>164,077</b>	179,011
Employee benefits expenses	<b>112,338</b>	201,101
Promotion and advertising expenses	<b>98,827</b>	398,210
Technical and development services fee in relation to game development and others	<b>54,998</b>	29,101
Cloud computing, bandwidth and server custody fees	<b>23,737</b>	15,300
Amortization of intangible assets (Note 13)	<b>21,986</b>	103,692
Professional service fees	<b>10,068</b>	10,398
Depreciation of right-of-use assets (Note 15(b))	<b>9,440</b>	13,179
Cost of goods	<b>7,731</b>	27,027
Travelling and entertainment expenses	<b>4,583</b>	4,599
Short-term rental and utilities expenses	<b>4,149</b>	2,778
Depreciation of property, plant and equipment (Note 13)	<b>2,378</b>	4,213
Impairment losses on prepayments (Note 19)	<b>1,215</b>	20,623
Impairment losses on intangible assets (Note 13)	<b>920</b>	27,238
Other tax expenses	<b>905</b>	1,269
Depreciation of investment properties (Note 14)	<b>220</b>	607
Others	<b>10,523</b>	9,237
<b>Total cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets</b>	<b>916,158</b>	1,508,430

In 2022, the Group adjusted and optimized product layout in the future, focusing on the publication and self-development of high-quality games as core strategic point, and gradually terminated products that were no longer in line with the Group's game business strategy. Therefore, the Group made impairment losses on intangible assets prepayment for certain game intellectual properties and licenses. Since the impairment losses are material to the Group in 2022, "Impairment losses on intangible assets" was disclosed separately in consolidated statement of comprehensive income.

During the six months ended June 30, 2023, the Group made an impairment losses on intangible assets of approximately RMB920,000 (during the six months ended June 30, 2022: RMB27,238,000).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 9 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Other income</b>		
Government grants	13,202	8,745
Additional deduction of value-added tax	3,767	9,332
Others	3,303	557
	<b>20,272</b>	<b>18,634</b>
<b>Other (losses)/gains, net</b>		
Gains on disposal of a subsidiary	—	22,506
Gains on disposal of investments in associates and joint ventures (Note 16)	640	324
(Losses)/gains on disposal of financial assets	(2,297)	300
Others	(2,310)	310
	<b>(3,967)</b>	<b>23,440</b>

### 10 FINANCE COSTS, NET

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Finance costs</b>		
Interest expense on convertible bonds (Note 23)	(40,674)	(33,854)
Interest expenses on bank borrowings	(39,790)	(29,955)
Exchange losses, net	(33,919)	(11,846)
Interest expense on lease liabilities (Note 15(b))	(1,380)	(2,348)
Interest capitalized	2,198	1,106
	<b>(113,565)</b>	<b>(76,897)</b>
<b>Finance income</b>		
Interest income on bank deposits	2,884	4,182
	<b>2,884</b>	<b>4,182</b>
<b>Finance costs, net</b>	<b>(110,681)</b>	<b>(72,715)</b>

For the six months ended June 30, 2023

**11 INCOME TAX EXPENSE/(CREDIT)**

The income tax expense/(credit) of the Group for the six months ended June 30, 2023 and 2022 is analyzed as follows:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax	235	49
Deferred income tax	250	(1,304)
<b>Income tax expense/(credit)</b>	<b>485</b>	<b>(1,255)</b>

**12 EARNINGS/(LOSSES) PER SHARE AND DIVIDENDS****(a) Earnings/(losses) per share****(i) Basic**

	Six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Profit/(loss) attributable to equity holders of the Company (RMB'000)	40,712	(203,305)
Weighted average number of shares in issue (thousands)	1,392,595	1,382,183
Basic earnings/(losses) per share (in RMB)	0.03	(0.15)

Basic earnings/(losses) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the respective period, excluding ordinary shares purchased by the Group and held as treasury shares (Note 20).

**(ii) Diluted**

	Six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Profit/(loss) attributable to equity holders of the Company (RMB'000)	40,712	(203,305)
Weighted average number of shares in issue (thousands)	1,392,595	1,382,183
Adjustments for employee incentive plan and convertible bonds (thousands)	170,715	167,714
Weighted average number of shares for calculating diluted earnings/(losses) per share (thousands)	1,563,310	1,549,897
Diluted earnings/(losses) per share (in RMB)*	0.03	(0.13)

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of shares outstanding to assume all dilutive potential ordinary shares.

\* The share incentive plan and convertible bonds were found to have an anti-dilutive effect during the six months ended June 30, 2022; therefore, the actual diluted earnings per share should equal to the basic earnings per share, which amounts to -0.15 per share in RMB.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 12 EARNINGS/(LOSSES) PER SHARE AND DIVIDENDS (continued)

#### (b) Dividends

The Board resolved that no interim dividend shall be declared for the six months ended June 30, 2023 (during the six months ended June 30, 2022: nil).

### 13 PROPERTY, PLANT AND EQUIPMENT (PP&E), CONSTRUCTION IN PROGRESS, INTANGIBLE ASSETS AND GOODWILL

	PP&E RMB'000	Construction in progress RMB'000	Intangible assets RMB'000 (Note a)	Goodwill RMB'000 (Note b)
<b>(Unaudited)</b>				
<b>Six months ended June 30, 2023</b>				
Opening net book amount	35,779	72,164	1,004,718	—
Additions	2,476	9,994	11,845	—
Disposals	(31,620)	—	(296)	—
Depreciation/amortization charge	(2,378)	—	(21,986)	—
Impairment	—	—	(920)	—
Currency translation differences	—	—	4,759	—
<b>Closing net book amount</b>	<b>4,257</b>	<b>82,158</b>	<b>998,120</b>	<b>—</b>
<b>(Unaudited)</b>				
<b>Six months ended June 30, 2022</b>				
Opening net book amount	18,314	43,935	1,694,129	73,222
Additions	18,417	4,483	101,151	—
Disposals	(304)	—	—	—
Depreciation/amortization charge	(4,213)	—	(103,692)	—
Impairment	—	—	(27,238)	—
Currency translation differences	—	—	10,678	—
<b>Closing net book amount</b>	<b>32,214</b>	<b>48,418</b>	<b>1,675,028</b>	<b>73,222</b>

As of June 30, 2023 and December 31, 2022, the Group's certain game intellectual properties and licenses with net book amounts of both nil were pledged to a bank to secure certain bank borrowings of the Group respectively (Note 22).

Non-financial assets that have an indefinite life are not subject to amortization, but are tested for impairment whenever there is any indication of impairment or annually at year-end (December 31). Non-financial assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Except for below, there was no indication of impairment for property, plant and equipment, construction in progress and other intangible assets.

#### (a) Impairment for intangible assets

The impairment for intangible assets mainly represents impairment of game intellectual properties and licenses and is the excess amount of the carrying amount of the game intellectual properties and licenses fees to the game developers over the cash flow projections to be generated in the remaining contractual period.

During the six months ended June 30, 2023, certain game intellectual properties and licenses which belong to the segment of game and information services were fully impaired and impairment loss on intangible assets of RMB920,000 (during the six months ended June 30, 2022: RMB27,238,000) were charged to statement of comprehensive income, as certain games have no further development plan.

For the six months ended June 30, 2023

**14 INVESTMENT PROPERTIES**

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	2022 <i>RMB'000</i> (Unaudited)
<b>Opening net book amount</b>	<b>6,955</b>	31,860
Depreciation charge	<b>(220)</b>	(607)
<b>Closing net book amount</b>	<b>6,735</b>	31,253

The investment properties as of June 30, 2022 are two buildings respectively located in Hainan Ecology Software Park and Changsha Xincheng Science Park for offices, held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sales and rental.

The building located in Hainan Ecology Software Park was disposed along with the disposal of a subsidiary during the year ended December 31, 2022.

As of June 30, 2023, there were no investment properties of the Group were pledged to a bank to secure certain bank borrowings of the Group (Note 22) (December 31, 2022: nil).

**15 LEASES****(a) Amounts recognized in the statement of financial position**

The statement of financial position shows the following amounts relating to leases:

	<b>As of</b> <b>June 30,</b> <b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	As of December 31, 2022 <i>RMB'000</i> (Audited)
<b>Right-of-use assets</b>		
Buildings	<b>21,422</b>	107,351
Land use rights	<b>76,568</b>	78,064
	<b>97,990</b>	185,415
<b>Lease liabilities</b>		
Non-current	<b>11,829</b>	82,113
Current	<b>11,686</b>	34,926
	<b>23,515</b>	117,039

Additions to the right-of-use assets during the six months ended June 30, 2023 were RMB804,000 (for the six months ended June 30, 2022: RMB31,569,000).

Disposals to the right-of-use assets during the six months ended June 30, 2023 were RMB77,292,000 (for the six months ended June 30, 2022: RMB708,000).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 15 LEASES (continued)

#### (b) Amounts recognized in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Depreciation charge of right-of-use assets</b>		
Buildings	9,440	13,179
Land use rights	1,496	1,496
	<b>10,936</b>	<b>14,675</b>
Interest expense (included in finance costs)	1,380	2,348
Expense relating to short-term leases (included in cost of revenues and general and administrative expenses)	208	478

During the six months ended June 30, 2023 and 2022, the depreciation of RMB9,440,000 and RMB13,179,000 from buildings was charged as profit or loss respectively, while the depreciation of RMB1,496,000 and RMB1,496,000 from land use rights was recognized in construction in progress respectively.

During the six months ended June 30, 2023, the cash outflow about the principal element and interest element of lease payments was RMB10,315,000 and RMB1,380,000 respectively (for the six months ended June 30, 2022: RMB12,645,000 and RMB2,348,000), the cash outflow about payment for short-term and low-value lease was RMB208,000 (for the six months ended June 30, 2022: RMB478,000).

For the six months ended June 30, 2023

**16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Associates (a)	<b>264,487</b>	268,401
Joint ventures (b)	<b>79,132</b>	79,060
	<b>343,619</b>	347,461

**(a) Investments in associates**

	<b>Six months ended June 30,</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>268,401</b>	273,834
Additions	—	18,388
Disposals (i)	<b>(154)</b>	(229)
Share of results of the associates	<b>(4,121)</b>	(3,454)
Currency translation differences	<b>361</b>	1,062
<b>At the end of the period</b>	<b>264,487</b>	289,601

- (i) During the six months ended June 30, 2023, the Group disposed of a certain investments from existing associates at considerations of RMB159,000, recognizing disposal gains of RMB5,000.

**(b) Investments in joint ventures**

	<b>Six months ended June 30,</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>79,060</b>	98,351
Additions	—	1,000
Disposal (i)	<b>(2,365)</b>	(3,813)
Share of results of the joint ventures	<b>1,936</b>	3,406
Currency translation differences	<b>501</b>	681
<b>At the end of the period</b>	<b>79,132</b>	99,625

- (i) The Group disposed partial shares of a joint venture with the consideration of RMB3,000,000 and recognized gains on disposal of a joint venture of RMB635,000.

For the six months ended June 30, 2023

**17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Included in non-current assets</b>		
<b>At the beginning of the period</b>	<b>348,897</b>	457,507
Additions	—	13,011
Changes in fair value	<b>(5,742)</b>	(19,236)
Disposal	<b>(1,120)</b>	(212)
Currency translation differences	<b>4,588</b>	5,926
At the end of the period	<b>346,623</b>	456,996
<b>Included in current assets</b>		
<b>At the beginning of the period</b>	<b>125,857</b>	73,959
Additions	—	5,000
Changes in fair value	<b>6,809</b>	(184)
Disposal	<b>(31,998)</b>	(5,005)
Currency translation differences	<b>2,537</b>	3,888
<b>At the end of the period</b>	<b>103,205</b>	77,658

The Group's financial assets at fair value through profit or loss comprised debt securities, wealth management products and some investments in unlisted and listed entities mainly operated in the PRC, USA, Korea and Singapore.

The debt securities were the investments which were made in the investees in form of convertible redeemable preferred shares. The preferred shares are convertible into ordinary shares anytime at the option of the holder, or automatically in the event of an initial public offering ("IPO") of the investees. The preferred shares are redeemable at the option of the Group if there is no IPO of investees after several years from the dates of investment. Based on the status of investees, the Group considers the redemption clause is substantive, and therefore has accounted for the investment in those investees as financial assets at fair value through profit or loss.

The investments in unlisted entities represented the Group's certain minority interests in private companies. The Group elected the fair value method at the date of initial recognition and carried these investments subsequently at fair value. These companies are engaged in technology, game developing and other internet-related services.

For the six months ended June 30, 2023

**18 TRADE RECEIVABLES**

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Third parties	<b>724,800</b>	842,957
Related parties (Note 27(c)(ii))	<b>9,823</b>	31,968
	<b>734,623</b>	874,925
Less: provision for impairment	<b>(173,601)</b>	(149,993)
	<b>561,022</b>	724,932

- (a) The credit terms of trade receivables granted by the Group are generally 3 months. Aging analysis based on recognition date of the gross trade receivables at the respective reporting dates are as follows:

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Within 3 months	<b>150,566</b>	240,231
3 months to 1 year	<b>141,826</b>	270,370
1 to 2 years	<b>217,176</b>	273,176
2 to 3 years	<b>222,411</b>	89,065
Over 3 years	<b>2,644</b>	2,083
	<b>734,623</b>	874,925

- (b) Movements in the provision for impairment of trade receivables as follows:

	<b>Six months ended June 30,</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>149,993</b>	87,087
Provision for impairment	<b>68,102</b>	38,450
Receivables written off during the period as uncollectible	<b>(44,494)</b>	(6,320)
<b>At the end of the period</b>	<b>173,601</b>	119,217

The majority of the Group's trade receivables was denominated in RMB.

As of June 30, 2023, the carrying amounts of the accounts receivable were approximate to their fair values.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 18 TRADE RECEIVABLES (continued)

(c) As of June 30, 2023 and December 31, 2022, trade receivables of RMB263,689,000 and RMB65,738,000 respectively were pledged to secure certain bank facilities granted to the Group (Note 22).

### 19 PREPAYMENTS AND OTHER RECEIVABLES

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
<b>Prepayments</b>		
Prepaid revenue sharing to content providers (a)	862,529	866,765
Prepaid advertising expenses (b)	379,683	376,609
Recoverable value-added tax	9,555	29,090
Prepayment to related parties	6,604	6,938
Prepayment for intangible assets	—	920
Others	9,443	32,827
	<b>1,267,814</b>	<b>1,313,149</b>
Less: provision for impairment (e)	<b>(348,363)</b>	<b>(380,628)</b>
	<b>919,451</b>	<b>932,521</b>
Less: non-current Prepayment	—	(920)
	<b>919,451</b>	<b>931,601</b>
<b>Other receivables</b>		
Loans to third parties (c)	151,972	238,091
Loans to shareholders	92,436	86,157
Rental and other deposits	2,814	12,258
Loans to employees (d)	12,040	1,879
Others	18,388	20,667
	<b>277,650</b>	<b>359,052</b>
Less: provision for impairment	<b>(107,889)</b>	<b>(203,723)</b>
	<b>169,761</b>	<b>155,329</b>
Less: non-current other receivables	<b>(91,942)</b>	<b>(90,262)</b>
	<b>77,819</b>	<b>65,067</b>

For the six months ended June 30, 2023

**19 PREPAYMENTS AND OTHER RECEIVABLES** (continued)

As of June 30, 2023, there were no significant balances that are past due.

- (a) The prepaid revenue sharing to game developers is for the services to be rendered by game developers when the Group operates the third party developed games for certain period of time in certain countries. Such amounts are recognized as “cost of revenues” when relevant revenue is recognized.
- (b) The Group engaged various online advertising suppliers and made prepayments in exchange for better advertising opportunities and resources in some arrangements. Such amounts are recognized as “selling and marketing expenses” when the advertising services are rendered.
- (c) Loans to third parties represent the loans provided to several third parties, which were unsecured. All the loans were interest-free except one which was interest-bearing fixed 12% per annum after extension on June 1, 2022.
- (d) Loans to employees mainly represent advances to employees for various expenses to be incurred in the ordinary course of business and housing loans to certain employees. These loans are unsecured, interest-free and to be repaid in 1 to 5 years from the grant dates.
- (e) The movements in the provision for impairment of prepayments as follows:

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>
<b>At the beginning of the period</b>	<b>380,628</b>	9,873
Provision for impairment	<b>1,215</b>	20,623
Written off during the period	<b>(33,480)</b>	(28,376)
<b>At the end of the period</b>	<b>348,363</b>	2,120

The impairment provision mainly represents impairment of prepaid revenue sharing to game developers, which is primarily related to certain games licensed by the Group which did not operate well or align with the Group’s future strategy. The provision is the excess amount of the carrying amount of the unearned pre-paid revenue sharing to game developers over the expected game revenue to be generated in the remaining contractual period. The management estimates the expected revenue sharing with reference to those games’ gross billings trend, the monthly active users and paying ratio over the past period.

During the six months ended June 30, 2023, an impairment provision of RMB1,215,000 was provided for certain games of the Group (during the six months ended June 30, 2022: RMB20,623,000), among which certain games have no further development plan, none of them was considered individually material to the Group.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 20 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Group total RMB'000
<b>(Unaudited)</b>						
Authorized:						
<b>As of June 30, 2023 and December 31, 2022</b>	<b>5,000,000,000</b>	<b>500</b>				
Issued and fully paid:						
As of December 31, 2022	1,411,335,945	141	907	3,294,553	(3,576)	3,291,884
Shares vested for share incentive scheme	—	—	—	(1)	1	—
Acquisition of treasury shares	—	—	—	—	—	—
Cancellation of shares	(937,600)	—	—	(3,561)	3,561	—
<b>As of June 30, 2023</b>	<b>1,410,398,345</b>	<b>141</b>	<b>907</b>	<b>3,290,991</b>	<b>(14)</b>	<b>3,291,884</b>
<b>(Unaudited)</b>						
Authorized:						
<b>As of June 30, 2022 and December 31, 2021</b>	<b>5,000,000,000</b>	<b>500</b>				
Issued and fully paid:						
As of December 31, 2021	1,387,475,615	139	893	3,165,141	(21)	3,166,013
Shares vested for share incentive scheme	—	—	—	(2)	2	—
Issuance of ordinary shares to the investors	32,854,730	3	21	159,041	—	159,062
Acquisition of treasury shares	—	—	—	—	(28,834)	(28,834)
<b>As of June 30, 2022</b>	<b>1,420,330,345</b>	<b>142</b>	<b>914</b>	<b>3,324,180</b>	<b>(28,853)</b>	<b>3,296,241</b>

For the six months ended June 30, 2023

**21 RESERVES**

	Capital reserves RMB'000	Statutory reserves RMB'000	Translation differences RMB'000	Other reserves RMB'000	Total reserves RMB'000
<b>(Unaudited)</b>					
<b>As of December 31, 2022</b>	<b>16,100</b>	<b>96,062</b>	<b>66,996</b>	<b>621,827</b>	<b>800,985</b>
Share-based compensation expenses	—	—	—	2,395	2,395
Profit appropriation to statutory reserves	—	23,251	—	—	23,251
Currency translation differences	—	—	19,072	—	19,072
<b>As of June 30, 2023</b>	<b>16,100</b>	<b>119,313</b>	<b>86,068</b>	<b>624,222</b>	<b>845,703</b>
<b>(Unaudited)</b>					
<b>As of December 31, 2021</b>	16,100	91,777	10,819	626,286	744,982
Share-based compensation expenses	—	—	—	11,689	11,689
Transaction with non-controlling interests	—	—	—	856	856
Currency translation differences	—	—	42,726	—	42,726
<b>As of June 30, 2022</b>	16,100	91,777	53,545	638,831	800,253

**22 BORROWINGS**

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
<b>Included in non-current liabilities</b>		
Secured bank borrowings (a)	351,347	—
<b>Included in current liabilities</b>		
Secured bank borrowings (a)	578,400	508,400
Current portion of long-term bank borrowings, secured (a)	87,263	482,841
Secured other borrowings	10,000	20,000
	675,663	1,011,241
	1,027,010	1,011,241

The Group's long-term bank borrowings bear weighted average interest rate of 3.89% (2022: 4.19%) per annum, and the short-term bank borrowings bear weighted average interest rate of 4.62% (2022: 5.57%) per annum.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 22 BORROWINGS (continued)

(a) The pledge and guarantee related to bank borrowings is as follows:

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Secured by the pledge of assets of the Group (including trade receivables, intellectual properties and licenses or term deposits), and/or guaranteed by the Company and/or its subsidiaries	<b>393,526</b>	270,000
Secured by		
— the pledge of certain trade receivables of a subsidiary of the Company		
— the deposit of required amount for transaction security		
— the shares of several oversea subsidiaries of the Company		
— the shares of a subsidiary of the Company*	<b>315,084</b>	442,841
Guaranteed by the Company, and/or certain subsidiaries of the Company	<b>270,000</b>	240,000
Secured by certificate of deposit	<b>38,400</b>	38,400
	<b>1,017,010</b>	991,241

\* In March 2023, the Company entered into a one-year loan facility agreement with a bank, where a loan facility up to EUR40,000,000 was made available to the Company. As of June 30, 2023, the loan balance of RMB315,084,000 net of transaction cost was borrowed from aforesaid loan facility agreement. Restricted cash of RMB15,113,000 is pledged deposit for this aforesaid loan.

(b) The maturity of the Group's borrowings is as follows:

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Within 1 year	<b>675,663</b>	1,011,241
Between 1 and 2 years	<b>287,821</b>	—
Between 2 and 5 years	<b>46,000</b>	—
Above 5 years	<b>17,526</b>	—
	<b>1,027,010</b>	1,011,241

### 23 CONVERTIBLE BONDS

On October 6, 2020, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD775,000,000 (equivalent to approximately RMB673,312,000) due October 16, 2025 (the "2025 Convertible Bonds"), with an initial conversion price of HKD4.99 per share. The 2025 Convertible Bonds bear interest rate of 3.125% per annum, payable semi-annually, with maturity of 5 years from the issuance date and can be converted into shares of the Company at the holder's option at any time on or after the date which is 41 days after the issuance date up to the close of business on the date falling seven days prior to the maturity date at an initial conversion price of HKD4.99 per share. On October 16, 2020, the 2025 Convertible Bonds were issued.

For the six months ended June 30, 2023

**23 CONVERTIBLE BONDS** (continued)

The 2025 Convertible Bonds was recognized as liability component and equity component as follows:

- The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Group. Embedded financial derivatives, comprised the fair value of the option of the holders of the 2025 Convertible Bonds to require the Company to redeem the 2025 Convertible Bonds; and the fair value of the option of the Company to redeem the 2025 Convertible Bonds. These embedded early redemption options are closely related to the host debt as the redemption amount is principal amount together with accrued but unpaid interest, therefore they are not able to be accounted for separately. The initial value of the liability component and the fair value of the embedded redemption options were recognized as a single liability component, and it subsequently carried at amortized cost.
- Equity component, being the conversion option of the 2025 Convertible Bonds, initially recognized at the residual amount after deducting the value of the aforesaid single liability component from the net proceeds at the initial recognition.

Movement of the 2025 Convertible Bonds is set out as follows:

	<b>Liability</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>Equity</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>Total</b> <i>RMB'000</i> <i>(Unaudited)</i>
<b>As of January 1, 2023</b>	<b>492,261</b>	<b>262,620</b>	<b>754,881</b>
Interest expenses	40,674	—	40,674
Coupon interests paid	(10,751)	—	(10,751)
Currency translation differences	19,594	—	19,594
<b>As of June 30, 2023</b>	<b>541,778</b>	<b>262,620</b>	<b>804,398</b>
<b>As of January 1, 2022</b>	401,461	262,620	664,081
Interest expenses	33,854	—	33,854
Coupon interests paid	(10,068)	—	(10,068)
Currency translation differences	21,890	—	21,890
<b>As of June 30, 2022</b>	<b>447,137</b>	<b>262,620</b>	<b>709,757</b>

Interest expense are calculated by applying the effective interest rate of 16.73% per annum to the liability component.

The 2025 Convertible Bonds are guaranteed by the Company.

The Group did not comply with certain financial covenant requirements of a bank borrowing which may cause the 2025 Convertible Bonds, subject to certain repayment acceleration clauses, become immediately due and payable should the lenders exercise their rights to accelerate repayment under the relevant agreements. In addition, the CB Holders will have the rights at holder's option, to require the Group to redeem all or some of such holder's bonds on October 16, 2023. As a result, the Group reclassified the 2025 Convertible Bonds to current liabilities as of December 31, 2022.

The Group planned to repurchase the 2025 Convertible Bonds in July 2023, which was announced on July 10, 2023, as a result, the Group reclassified the 2025 Convertible Bonds to current liabilities as of June 30, 2023.

As of June 30, 2023, there has been no conversion of the 2025 Convertible Bonds.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 24 TRADE PAYABLES

Trade payables are primarily related to the purchase of services for server custody, game licenses, and the revenues collected by the Group which is to be shared to cooperated game developers according to respective cooperation agreements. The credit terms of trade payables granted to the Group are usually 3 months. The aging analysis of trade payable based on recognition date is as follows:

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Within 3 months	205,998	141,675
3 months to 1 year	49,562	252,546
1 to 2 years	12,706	33,629
2 to 5 years	12,503	15,648
	<b>280,769</b>	<b>443,498</b>

### 25 OTHER PAYABLES AND ACCRUALS

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Other payables due to related parties (Note 27(c)(v))	28,358	30,507
Payroll and welfare payables	43,057	98,230
Other tax payables	27,135	36,430
Other payables to construction in progress	5,630	21,254
Professional service fee payable	623	6,422
Advance from business partners	8,698	5,362
Interest payable	881	1,480
Others	16,032	25,002
	<b>130,414</b>	<b>224,687</b>

### 26 COMMITMENTS

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Intangible assets	103,835	183,340
Construction in progress	135,609	159,274
	<b>239,444</b>	<b>342,614</b>

For the six months ended June 30, 2023

**27 SIGNIFICANT RELATED PARTY TRANSACTIONS****(a) Names and relationships with related parties**

The following companies are related parties of the Group that had balances and/or transactions with the Group

<b>Names of major related parties</b>	<b>Nature of relationship</b>
Tencent and its subsidiaries (collectively " <b>Tencent Group</b> ")	Related party of a shareholder
Shipshape Holdings Limited (" <b>Shipshape</b> ")	Related party of a director
Hengqin Chuangmeng Qida Equity Investment Enterprise (Limited Partnership) (" <b>Hengqin Chuangmeng Qida</b> ")	Associate of the Group
Zhejiang Yiyou Internet Technology Co., Ltd. (" <b>Zhejiang Yiyou</b> ")	Associate of the Group
Shenzhen Zero One Zhihe Technology Co., LTD (" <b>Zero One Zhihe</b> ")	Associate of the Group
iDream Legu (Nanjing) Cultural Industry Development Co., Ltd. (" <b>iDream Legu</b> ")	Associate of the Group
Shenzhen Mengzuofang Technology Limited (" <b>Shenzhen Mengzuofang</b> ")	Joint venture of the Group
Tianjin Lewei Shidai Culture Development Co., Ltd. (" <b>Tianjin Lewei Shidai</b> ")	Joint venture of the Group
IDS Partnership01 L.P.	Shareholder of the Group
Zhuhai Hengqin Dreammaker Space Investment Co., Ltd. (" <b>Hengqin Dreammaker Space</b> ")	Entity controlled by a member of key management personnel of the Group
Shenzhen iDreamSky Entertainment Co., Ltd. and its subsidiaries (collectively " <b>iDreamSky Entertainment Group</b> ")	Entity that a member of key management personnel of the Group has significant influence over
Mr. Jeffrey Lyndon Ko	Director of the Group
Mr. Guan Song	Director of the Group
Mr. Chen Xiangyu	Director of the Group
Mr. Lei Junwen	Member of key management personnel of the Group

For the six months ended June 30, 2023

## 27 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

### (b) Significant transactions with related parties

In addition to those disclosed elsewhere in these consolidated financial statements, the following transactions were carried out with related parties.

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective parties.

#### (i) Provide of services

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Tencent Group	57,313	17,577
Shenzhen Mengzuofang	3,621	—
Zero One Zhihe	398	3,778
	<b>61,332</b>	<b>21,355</b>

#### (ii) Purchases of services

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Tencent Group	19,667	13,449

For the six months ended June 30, 2023

**27 SIGNIFICANT RELATED PARTY TRANSACTIONS** (continued)**(b) Significant transactions with related parties** (continued)**(iii) Revenue share to content providers**

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Tencent Group	21,499	—
Zhejiang Yiyou	—	19,555
	<b>21,499</b>	<b>19,555</b>

**(iv) Licence fees**

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Tencent Group	157	5,346

**(v) Advances to related parties**

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 wRMB'000 (Unaudited)
Advances provided to related parties:		
iDreamSky Entertainment Group	19,140	—
iDream Legu	50	782
Mr. Jeffrey Lyndon Ko	2	—
Mr. Lei Junwen	—	2,490
Mr. Guan Song	—	400
Zero One Zhihe	—	65
	<b>19,192</b>	<b>3,737</b>
Repayment received from a related party:		
iDreamSky Entertainment Group	3,100	—
iDream Legu	50	—
Mr. Jeffrey Lyndon Ko	2	—
Zero one Zhihe	—	65
	<b>3,152</b>	<b>65</b>



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 27 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (b) Significant transactions with related parties (continued)

##### (vi) Proceeds from disposal of investments in a subsidiary to a related party

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Hengqin Dreammaker Space	—	7,650

#### (c) Balances with related parties

##### (i) Amounts due from related parties

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
iDreamSky Entertainment Group	95,639	—
iDream Legu	4,582	4,582
Mr. Lei Junwen	4,407	4,307
Shipshape	2,305	2,233
Mr. Guan Song	2,068	2,068
Mr. Jeffrey Lyndon Ko	1,360	1,314
Mr. Chen Xiangyu	1,000	1,000
Shenzhen Mengzuofang	420	420
Tencent Group	—	300
IDS Partnership01 L.P.	253	244
Hengqin Chuangmeng Qida	70	70
	<b>112,104</b>	16,538
Less: provision for impairment	<b>(817)</b>	(120)
	<b>111,287</b>	16,418

The above amount due from related parties were unsecured, interest-free and repayable on demand.

##### (ii) Trade receivables due from related parties

	As of June 30, 2023 RMB'000 (Unaudited)	As of December 31, 2022 RMB'000 (Audited)
Tencent Group	5,742	22,770
Shenzhen Mengzuofang	—	5,600
Zero One Zhihe	4,008	3,598
iDreamSky Entertainment Group	73	—
	<b>9,823</b>	31,968

For the six months ended June 30, 2023

**27 SIGNIFICANT RELATED PARTY TRANSACTIONS** (continued)**(c) Balances with related parties** (continued)**(iii) Trade payables due to related parties**

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Tencent Group	28,157	50,647
iDreamSky Entertainment Group	181	—
	<b>28,338</b>	50,647

**(iv) Prepayments to related parties**

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Tencent Group	6,604	6,938

**(v) Other payables due to related parties**

	<b>As of June 30, 2023 RMB'000 (Unaudited)</b>	As of December 31, 2022 RMB'000 (Audited)
Zero One Zhihe	18,458	14,458
Hengqin Chuangmeng Qida	5,000	5,000
Tianjin Lewei Shidai	4,900	4,900
Tencent Group	—	6,149
	<b>28,358</b>	30,507

\* These balances are the unpaid consideration to the sellers for the acquisition of Tianjin Huohun.

**(d) Key management personnel compensations**

	<b>Six months ended June 30,</b>	
	<b>2023 RMB'000 (Unaudited)</b>	2022 RMB'000 (Unaudited)
Wages, salaries and bonuses	2,972	2,938
Pension costs-defined contribution plan, other social security costs, housing benefits, and other employee benefits	88	92
	<b>3,060</b>	3,030

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2023

### 28 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2023, and December 31, 2022.

### 29 SUBSEQUENT EVENTS

On 18 July 2023, the company completed the placing of HKD509 million new shares under general mandate. On 24 July 2023, the company completed the issue of HKD386 million 5.00% convertible bonds due 2028 under general mandate and the repurchase of HKD758 million 3.125% guaranteed convertible bonds due 2025 leaving principal amount of the existing convertible amount of HKD17 million remaining.

After deducting commissions and other estimated expenses payable, the net proceeds from the Placement and the Bonds Issue amount to approximately HKD873 million. These funds will be used for the Concurrent Repurchase and general working capital purposes. Specifically, HKD749 million will be allocated towards the Concurrent Repurchase, while HKD124 million will be utilized for general working capital.

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board”	the board of Directors of the Company
“Casual Esports”	a type of game that combines elements of electronic sports and casual entertainment
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Company” or “our Company” or “iDreamSky”	iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 1119
“DAU(s)”	daily active user(s), refers to the total number of active users of a game within a day
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the legal currency of the member states of the European Union
“Ghibli”	an animation art style characterized by exaggerated image, bright colors, and traditional watercolor style, created by the Japanese animation studio, Studio Ghibli
“Group” or “our Group” or “we” or “us”	the Company, its subsidiaries and its PRC consolidated affiliated entities from time to time
“HKD”	Hong Kong dollars, the legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAS”	International Accounting Standards
“IFRS(s)”	International Financial Reporting Standards
“IP(s)”	intellectual property(ies)
“Isekai”	another world that exists in fantasy or science fiction works with obvious differences and distinctions from our real world
“Lifecycle Value”	the lifecycle value of a game, i.e. the sum of the value that each user has created for the game during the period from the first landing of the game to the last landing of the game
“Listing Date”	December 6, 2018, being the date on which the shares of the Company became listed and commenced trading on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

## Definitions

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this report only, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Shenzhen iDreamSky and its subsidiaries
“Prospectus”	the prospectus of the Company dated November 26, 2018
“Reporting Period”	the six months ended June 30, 2023
“RMB”	Renminbi, the legal currency of the PRC
“RPG(s)”	games in which users assume the roles of characters in a fictional setting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with a nominal value of USD0.0001 each in the share capital of the Company
“Shenzhen iDreamSky”	Shenzhen iDreamSky Technology Co., Ltd. (深圳市創夢天地科技有限公司), a company established in the PRC and a PRC Consolidated Affiliated Entity of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Tencent”	Tencent Holdings Limited, one of the Company’s substantial shareholders, a limited liability company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange under stock code 700
“USD”	U.S. dollars, the legal currency of the United States of America
“%”	per cent